



The Attorney General of Texas

June 12, 1980

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Texas Industrial Commission
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Opinion No. MW-195

Re: Sales tax exemption for industrial development corporations or medical development corporations.

Gentlemen:

You have asked whether tangible personal property purchased by an industrial development corporation or medical development corporation is subject to sales and use tax if:

1. the property is to be incorporated into a project to be leased or sold to non-exempt persons or organizations, or
2. the property is to be used in constructing a project to be leased or sold to non-exempt persons or organizations?

If the answer to these questions is yes, Mr. Brown poses three additional questions. Authority to create and administer industrial and medical development corporations is found in the Development Corporation Act of 1979, article 5190.6, V.T.C.S. Section 32 of the Act provides in pertinent part that "...the corporation, all properties at any time owned by it, the income therefrom, and all bonds issued by it, their transfer, and the income therefrom shall be exempt from all taxation by the state." (Emphasis added).

You suggest that the answer may be affected by MW-94 (1979) which involved sales tax exemption for property leased by an exempt organization to a non-exempt commercial entity. That opinion, however, involved construction of article 20.04(Y), Taxation-General, which required that the property be improved for an exempt organization. There is no such

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Honorable Gerald R. Brown - Page Two (MW-195)

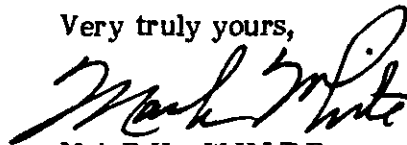
requirement in section 32 of article 5190.6, V.T.C.S., which simply exempts the corporation from all taxation. In light of the specific statutory exemption, we believe property purchased by an industrial development corporation is not subject to the sales and use tax even though the property may be sold or leased to a non-exempt organization. You have not asked and we do not make any determination on exemptions under any other taxes.

Since the answer to both questions is in the negative, we need not address Mr. Brown's questions.

S U M M A R Y

Tangible personal property purchased by an industrial development corporation or medical development corporation is exempt from the sales and use tax.

Very truly yours,



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